

Research on Financial Internal Control of Supply Chain Financial Service

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Abstract: The financial internal control of supply chain finance is an important guarantee for the smooth development of the supply chain financial business and an important tool to improve the economic efficiency of the financial enterprises. The paper analyzes the problem existing and makes specific recommendations based on the theory of supply chain finance and summarization of relevant literature.

1. Introduction

Supply chain finance is a complex business integrating multiple enterprises, multiple businesses and multiple risks. The risk index of various factors is relatively high, so it is imperative to control the internal control of supply chain finance, especially the internal control of finance. For a variety of problems of supply chain finance internal control at present, the related party should arouse sufficient attention and continue to expand the financing of small and medium-sized enterprises and the expansion of financial business.

2. Development of supply chain finance

Supply chain finance has enjoyed rapid growth since its innovation in 1970. It is one of the third in the financial world in the United States and one of the most important and viable innovations in financial markets since the 20th century. Supply chain finance originated in the western industrialized countries. The source of repayment depends mainly on the source of funds after the sale of the commodity itself rather than the creditworthiness characteristics of the principal debtor, so it is very important to ensure the source of repayment funds. Of the two parties engaged in such transactions, some are unable or unwilling to raise capital in the capital market, yet they hope that the financing can be marketized. This has led to supply chain finance, forming the initial market. In order to meet the needs of this market, to create more trade opportunities for enterprises and industries, and especially to help enterprises sell raw materials and capital goods to emerging markets, the industrialized countries have gradually perfected this theoretical system of supply chain finance. Its appearance has adapted to the development of new technology industries and the trade of its products as well as the need of international allocation of products within multinational corporations. Therefore, the so-called supply chain finance means that an enterprise will strip away the specific assets with future cash flow and make financing on the basis of the specific assets. It can also be understood that the replacement of a firm's specific assets with cash assets (asset replacement) with cash assets and the addition of highly efficient assets at constant asset-liability ratios are referred to as "structured finance" mainly Because of the replacement of assets from the structure of the financial statements.

Structural finance theory, supply chain channel theory, transaction cost theory and principal-agent theory are the four theoretical cornerstones of supply chain financial system. The theory of supply chain channel finds the demand market for financial services, while the theory of structured finance provides the tools to design financial services. The transaction cost theory helps to structure the process and organizational structure of the supply chain financial operation model, while the principal-agent theory controls the financial services Various types of risk in operation advice.

3. Existing problems of financial inner-controlling

3.1 The internal control environment needs to be further improved.

Now financial management is not perfect in financial internal control, especially in the aspect of financial internal control cognition and financial enterprise governance structure, which can not provide a good implementation environment for financial internal control. Above all, the internal control financial management cognition is relatively lagging behind. Under the guidance of cognitive concept that is weakened, the degree of importance of supply chain finance internal control the concept is misinterpreted. With extremely small participation, it's not conducive to the establishment and implementation of supply chain finance internal control. Next, the corporate governance of financial enterprise can not provide a good organizational guarantee to supply chain finance internal control. Now the financial enterprise organization structure is relatively large and the management chain is very long. It poses a great challenge to the internal control of the entire financial enterprises to carry out. As a financial business enterprise supply chain finance business includes multi sectoral, multi enterprise and multi period. if you really want to do the business of the financial internal control cannot do without a perfect and effective financial enterprise governance structure. However, the current financial enterprise governance structure is still unable to meet the actual needs.

3.2 The ability of financial risk prevention and control needs to be further improved.

Compared to other business complexity, supply chain finance business progress put forward higher requirements of the financial internal control, but the current financial enterprises on the supply chain financial risk prevention awareness is relatively weak without the aware of the severity. Firstly, there's few of the financial risk prevention and control complexity of supply chain finance production. The supply chain finance business covers a number of members of the organization and consists of different nodes. These enterprises get together to the common goal, but there are also differences and conflict management. Enterprises can be more than one node, that leads different financial services supply chain cross each other. Its complexity is far more than a single enterprise, but the current financial enterprises are not perfect financial control to deal with the complex network risk. Secondly the dynamic supply chain finance greatly increased the financial difficulty of risk prevention and control. The product market demand, the enterprise strategic planning and adjustment, are changing all the time. So it's a dynamic system, which requires the financial risk prevention and control measures should be developed dynamically as well. Thirdly, it needs overall financial risk response mechanism of supply chain finance. The characteristics which consists of multi enterprise, regional and long period will bring the overall the potential risk. So the establishment of corresponding financial risk prevention and control response mechanism is necessary.

3.3 The financial internal control management system needs to be further improved.

The financial internal control of supply chain finance is inseparable from a sound management system, including the establishment and the implementation of the system. Both aspects need to be further improved. On the one hand, the supply chain finance financial internal control system is not standard. The current financial enterprises have established internal control system from top to bottom. but more set in accordance with the Department for business lines. The financial internal control is relatively weak. There is a serious "fragmentation" leading to financial content of supply chain finance existence obviously. The lack of planning and overall coordination, greatly weakened the financial control function, which is an important difficulties facing financial control. On the other hand, there are some discrepancies in the implementation of the financial internal control system in the supply chain. First, the financial internal control system lacks "initiative" because of the complexity and variability of the supply chain financial business. It requires the financial internal control to have a certain degree of compliance with relevant principles. However, at present, the financial internal control system of supply chain finance lacks an updated mechanism. Second, the financial internal control system has a weak enforcement ability. Many departments study the

internal control system only on the literal and institutional walls. However, In the internal control system and its own business is not a combination, which also laid the underlying supply chain finance internal control risks.

3.4 The evaluation and supervision of financial internal control need to be further strengthened.

The effectiveness depends on whether it is implemented efficiently. However, the current financial enterprises generally lack the corresponding evaluation and supervision for the internal control implementation of supply chain finance, which leads to the low efficiency of internal control of supply chain finance. First of all, they don't pay enough attention to the supply chain finance supervision and internal control evaluation. Many managers believe that the reason of financial internal control is to avoid the risk of financial management and improve the economic efficiency of enterprises, while ignore evaluation and supervision. It's not conducive to improve the financial internal control, nor accountability processing on the existing problems. Secondly, the current financial enterprises the main criteria for financial internal control evaluation of supply chain finance is the legitimacy and rationality without effective audit and assessment. In this case, the financial internal control has become a basket case is a kind of internal management.

4. Countermeasures and suggestions

In order to change the "failure" of the current supply chain financial internal control, the key is to create a good internal control implementation environment. We must first change the ideological cognition, attach importance to internal control and management. Enterprises with foresight should give top priority to the supply chain finance financial internal control. The awareness also needs further improvement as well. It's supposed to realize the importance of financial internal control for supply chain finance business and effectively combine the financial control with financial supply chain management process. It is essential to clarify the relationship between the economic benefits and enterprise internal construction. Secondly, we should improve the internal governance structure and focus on the combination of financial demand. Management need to set up the corresponding organization structure, and further clarify the responsibilities of different parties. Different from financial control of general enterprise, supply chain finance financial internal control requires the complexity of corporate governance structure which be able to deal with the supply chain finance business in order to ensure that the financial internal control can be promoted more rapidly and orderly. Overall, the supply chain finance financial internal control is not divorced from the overall operation of financial enterprises. It must be based on the overall framework of financial enterprises as the basis. The effect will be more obvious, when the financial enterprise internal governance structure match with internal control of financial supply chain in the higher degree.

Awareness of risk prevention and control requires enterprises in the development of a certain stage, we must conduct an effective risk assessment and establish a risk prevention and control mechanism for the enterprise itself, the market economy, which is an important part of internal control. As "High-risk" business, the financial control of supply chain finance must face the risks and carry out effective risk management. First, we must fully understand the complexity of supply chain finance and inventory the potential risks. We should also develop appropriate risk assessment and prevention system to do well in supply chain financial financial risk prevention. To some extent, finding the risk is more important than solving the risk. Second, we must take a dynamic risk prevention and control measures to follow up the implementation of the supply chain financial services with timely intervention for the risks that appear there. Thirdly, it is necessary to establish a holistic risk prevention and response mechanism for the supply chain finance business and effectively integrate information communication, feedback and risk prevention and control. Financial risk prevention and control is an important part of financial internal control in supply chain finance, and it also needs to focus on the development of supply chain financial business. Reduce risk can reduce losses and improve efficiency.

In view of the current non-standardization and inefficiency of financial internal control in supply

chain, it is necessary to strengthen the construction of internal control system, including standardizing the internal control system and promoting the implementation of financial internal control. First of all, in order to further standardize the financial internal control system of supply chain finance and individualize the financial internal control system of supply chain finance from the aspects of budget management, financial approval and financial audit according to the particularity of supply chain finance business, pay special attention to The financial internal control of supply chain finance is placed in the overall internal control of financial enterprises, it is necessary to have internal control management in accordance with the department lines, but also have a separate internal control of supply chain finance block internal control to ensure that supply chain finance financial control is well-founded. Secondly, it is necessary to establish a mechanism for updating and changing the internal control of financial internal control due to the complexity and dynamics of supply chain finance, to promote the effective implementation of financial internal control in supply chain. At the same time, the internal control system should be planned and refined. In combination with the development of the supply chain finance business, we truly implement the financial internal control system in our daily work. It should be said that the key to supply chain finance financial control lies in the implementation, which requires corresponding planning and constraints to ensure that it can be carried out with high quality and efficiency.

To strengthen the financial internal control evaluation of supply chain finance, management should not only pay enough attention to the cognition, but also conduct financial internal control evaluation through daily and special supervision to enhance the execution efficiency of financial internal control. In the ideological cognition, management should think about how to make the inner-control evaluation play a big role so to improve the supply chain financial management level and bring more economic benefits for the enterprise. Next it's necessary to make supervision work into every part of the supply chain finance, especially in the use of funds supply chain finance each node enterprise. It requires the concept should be know well by each department of financial supply chain and each employee. In terms of special supervision, the key businesses and key nodes of the supply chain finance should be evaluated and supervised.

In the special supervision, the key businesses and key nodes of the supply chain finance should be evaluated and supervised. Through analyzing the data, we can not only supervise the current financial management, but also provide an important reference for future financial management.

5. Conclusion

To strengthen the financial internal control of supply chain finance needs to be carried out under the guidance of the relevant norms of internal control and management. Moreover, the financial internal control should be placed under the framework of internal control of supply chain finance and the entire financial enterprise. The more sophisticated and operational finance, the more internal control can escort the supply chain finance business and the real function of financial internal control is to improve the financial financial management of the supply chain and provide the economic benefits of the financial enterprises.

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